



# BRUNELLO CUCINELLI

**BRUNELLO CUCINELLI S.P.A.**

**Registered office: Corciano (PG), fraz. Solomeo, Viale Parco dell'Industria, 5**

**Share capital: Euro 13,600,000 fully paid up**

**C.F./P. I.V.A. and registration number with the Register of Companies of Perugia 01886120540**

**n. R.E.A. 165936**

**Institutional website: [www.brunellocucinelli.com](http://www.brunellocucinelli.com)**

**REPORT ON THE REMUNERATION POLICY AND FEES PAID BY BRUNELLO CUCINELLI S.P.A. PREPARED PURSUANT TO ART. 123-TER OF LEGISLATIVE DECREE NO. 58/1998. APPROVED BY THE COMPANY'S BOARD OF DIRECTORS ON MARCH, 11<sup>TH</sup> 2021.**

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## ***Introduction***

In compliance with article 123-ter of Legislative Decree no. 58 of 24 February 1998 (the "**TUF**"), as well as article 84-*quater* of Consob resolution no. 11971/99 (the "**Issuers' Regulations**"), which require listed companies to draw up and make available to the public a report on the remuneration of their administrative and control bodies, the company Brunello Cucinelli S.p.A. (the "**Issuer**" or the "**Company**") has drawn up this remuneration report (the "**Report**"), approved by the Remuneration and Appointments Committee in its meeting held on March 10<sup>th</sup>, 2021 and by the Board of Directors in its meeting held on March 11<sup>th</sup>, 2021.

The Report is available to the public at the Issuer's registered office and on its investor relations website (<http://investor.brunellocucinelli.com/en>).

The Report has been prepared in accordance with Schedule no. 7-bis of Annex 3A of the Issuers' Regulations, as amended by Consob resolution no. 21623 of 10 December 2020.

The report is divided into two sections:

- (i) one programmatic section dedicated to the description of the policy on the remuneration of Directors, key executives and members of the Board of Statutory Auditors; the first section also describes the procedures used to adopt and implementat the remuneration policy;
- (ii) the other section describes the remuneration paid in the financial year ending on December 31<sup>st</sup>, 2020 (the "**Year**") to the members of the management and control bodies and to key executives.

It should be noted that on May 21<sup>st</sup>, 2020, the Shareholders' Meeting, pursuant to Article 123-ter, paragraph 3-ter, of the the TUF, approved, with a binding resolution, the remuneration policy that was contained in the first section of the report required by Article 123-ter, paragraphs 3 and 3-bis of the TUF with reference to 2020, 2021 and 2022 financial years.

**The Shareholders' Meeting, convened in a single call for April 19<sup>th</sup>, 2021, shall, pursuant to Article 123-ter, paragraph 6, of the TUF, only resolve on the second section of this Report, with a non-binding resolution, since the remuneration policy approved by the Shareholders' Meeting held on May 21<sup>st</sup>, 2020 has not changed and will continue to be applied during 2021 financial year.**

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As of the date of the Report, the Issuer's executive directors are Cav. Lav. Brunello Cucinelli (Chairman of the Board of Directors with executive functions), Riccardo Stefanelli (Managing Director and CEO) and Luca Lisandrone (Managing Director and CEO).

It should be noted that, as at December 31<sup>st</sup>, 2020, the Issuer's key executives, pursuant to the definition provided in Consob Regulation no. 17221 of 12 March 2010 ("**Regulation on Related Party Transactions**") are: Cav. Lav. Brunello Cucinelli, Executive Chairman; Riccardo Stefanelli and Luca Lisandrone, Managing Directors; Moreno Ciarapica, CFO and manager responsible for preparing the corporate's accounting documents.

For information on the programme called "Generational Transition" approved by the Issuer's Board of Directors at its meeting held on December 13<sup>th</sup>, 2013, aimed at facilitating the turnover in positions of responsibility in the most important offices and departments into which the Company's organisational structure is divided, please refer to paragraph 4.1 of the Report on Corporate Governance and Ownership Structure prepared for the Year, published on the Company's investor relations website (<http://investor.brunellocucinelli.com/en>).

It should be noted that the Issuer's shares have been traded on the electronic share market ("**MTA**") organised and managed by Borsa Italiana S.p.A. since April 27<sup>th</sup>, 2012.

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## **SECTION I: Remuneration policy**

### *a) Bodies or persons involved in the preparation and approval of the remuneration policy.*

The definition of the Issuer's remunerations policy is the result of a process involving the Shareholders' Meeting (the "**Meeting**"), the Board of Directors (the "**Board**"), the Remuneration and Appointments Committee (the "**Committee**") and the Board of Statutory Auditors.

The Meeting has responsibility for adopting resolutions on the remuneration due to the directors and statutory auditors. It adopts resolution on the report on the remuneration policy and the remuneration paid, as specified in the Introduction. In particular, pursuant to Article 123-ter, paragraph 3-bis, of the TUF, the Issuer must submit the remuneration policy to the vote of the shareholders at the frequency required by the duration of the policy itself, and in any case at least every three years or whenever the policy is amended. As provided for by the aforementioned provision, the Issuer grants remuneration only in accordance with the remuneration policy approved by the shareholders.

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The Board has set up a Committee, consisting only of independent directors. On the proposal of the Committee and having consulted the Board of Statutory Auditors, the Board defines the remuneration policy for Directors and key executives, as well as Auditors (in compliance with the provisions of Article 123-ter, paragraph 3, of the TUF). The Board is responsible for approving the report.

The Committee periodically assesses the adequacy, overall consistency and practical application of the policy for the remuneration of Directors and key executives and may make proposals to the Board regarding the remuneration policy to be adopted.

The Committee and the Board are responsible for the proper implementation of the remuneration policy.

***b) Possible involvement of a remuneration committee or other committee having competence in this matter.***

During the meeting held on May 21<sup>st</sup>, 2020, the newly elected Board of Directors of the Company appointed the Committee, which was assigned the functions set forth in Articles 5 and 6 of the Corporate Governance Code of Borsa Italiana S.p.A. (the "**Code**"). The Issuer, availing itself of the option provided in the Code, has deemed it appropriate to concentrate the functions pertaining to the Appointments Committee and the Remuneration Committee in a single committee.

The Committee is composed of three non-executive and independent Directors: Annachiara Svelto, as Chairman of the Committee, Emanuela Bonadiman and Stefano Domenicali. All the members of the Committee meet the independence requirements set out in art. 3 of the Code as well as the requirements set out in art. 6 of the same Code. At the time of their appointment, the Board assessed the knowledge and experience in accounting and finance and in remuneration policies as adequate for all the members of the Committee; this assessment was renewed with a positive outcome.

The Committee remains in office until the approval of the Issuer's financial statements as at December 31<sup>st</sup>, 2022 and, therefore, until the date on which the Shareholders' Meeting is held to approve the financial statements for the year ending on December 31<sup>st</sup>, 2022.

During the Year, the Committee met twice, on March 10<sup>th</sup>, 2020 (in its previous composition, prior to the renewal of the Board of Directors, and therefore with responsibilities relating only to remuneration) and on July 7<sup>th</sup>, 2020 (in its new composition, post-renewal of the Board of Directors, and therefore with responsibilities extended to the issue of appointments).

The meetings, chaired by the Chairman of the Committee and duly minuted, lasted an average of 1 hour and 15 minutes.

The meetings were attended by all the members of the Committee and, at the invitation of the Committee itself, by

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members of the Board of Statutory Auditors. The Committee was able to access information useful to perform its duties, together with the relevant corporate functions.

No specific financial resources have been allocated to the Committee, as the Issuer's means and corporate structures are at Committee's complete disposal to perform its tasks; the Committee may make use of external consultants, whose fees are borne by the Company.

During 2021 financial year, three Committee meetings have already been held on January 11<sup>th</sup>, February 9<sup>th</sup>, and March 10<sup>th</sup>.

*c) Compensation and working conditions of employees and remuneration policy.*

For information on the working conditions of the Group's employees and remuneration policies, please refer to the Consolidated Non-Financial Statement (CNFS) pursuant to Articles 3 and 4 of Legislative Decree No. 54/2016 relating to the 2020 financial year as approved by the Board on March 11<sup>th</sup>, 2021 and made available to the public in the forms required by law.

The Company believes that the Remuneration Policy set out in this Section I is consistent with the remuneration policies of the Group's employees and pursues similar objectives of attracting, retaining and motivating people with those professional qualities necessary to successfully manage the Group's activities.

*d) Names of any independent experts involved in the preparation of the remunerations policy.*

No independent expert was involved in the preparation of the Issuer's remuneration policy.

*e) Aims pursued with the remuneration policy, principles underlying it and any changes to the remuneration policy.*

At its meeting on March 11<sup>th</sup>, 2020, the Board, on the proposal of the Committee, established the remuneration policy valid for the financial year 2020 and for financial years 2021 and 2022 (the "**Remuneration Policy**").

The Remuneration Policy, as approved by the Board and, subsequently, by the Shareholders' Meeting in its meeting of May 21<sup>st</sup>, 2020, with a binding resolution, is aimed at attracting, retaining and motivating people with those professional qualities necessary to successfully manage the Issuer.

At the same time, the Issuer's Remuneration Policy pursues the priority objective of creating value for shareholders in the medium and long term and social sustainability, in accordance with the principles inspiring the corporate philosophy.

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The principle underlying the Issuer's Remuneration Policy is that of fair remuneration, proportionate to the commitment required of the Issuer's Directors, key executives and members of the Board of Statutory Auditors.

With specific regard to Executive Directors, the Remuneration Policy is inspired by the following principles:

- a) the fixed component shall prevail over the variable component of remuneration and shall be set at a level that adequately remunerates the performance of the Executive Directors even if the variable component is not paid due to the failure to achieve the objectives set by the Board;
- (b) the variable component must be contained and paid within maximum limits;
- c) the variable component of remuneration consists of an annual incentive and is linked to criteria set by the Board, after evaluation by the Committee;
- d) the economic performance and social sustainability objectives to which the payment of the variable component is linked must be predetermined and linked to the purpose of creating value for the shareholders, in compliance with the principles inspiring the corporate philosophy. The achievement of these objectives is verified by the Board, after evaluation by the Committee;
- (e) indemnities may be provided for early termination or non-renewal of the director;
- (f) non-competition agreements may be signed;
- (g) the variable component does not include share-based compensation plans.

With regard to key executives, the Remuneration Policy is inspired by the following principles:

- (a) remuneration is primarily based on a fixed component;
- b) a variable component may be established linked to the achievement of pre-determined objectives, with reference to the performance of the Company (or the Group) or of the subsidiary company from time to time relevant, as well as linked to the purpose of creating value for the shareholders, in compliance with the principles inspiring the corporate philosophy. The achievement of these objectives is verified by the Board, after evaluation by the Committee;
- (c) indemnities for early termination of employment may be provided (in addition to those provided for by law or by the applicable collective agreement);
- (d) non-competition agreements may be signed;
- (e) no share-based compensation plans are envisaged.

With regard to Non-Executive Directors and Statutory Auditors, the Remuneration Policy provides that remuneration be shall be exclusively fixed.

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Compared to the previous years, the Remuneration Policy, as approved by the Board of Directors in its meeting held on March 11<sup>th</sup>, 2020 and contained in the first section of this Report, provides for the possibility of a a variable component of remuneration for Executive Directors and key executives.

There have been no changes to the Remuneration Policy since the shareholders' resolution dated May 21<sup>st</sup>, 2020 approving the Remuneration Policy.

*f) Description of policies on fixed and variable components of remuneration.*

In the past, the Issuer's remuneration policy envisaged only a fixed component in the remuneration of Directors and key executives, with the exception of the Executive Director Luca Lisandroni, entitled also to a variable component.

The Remuneration Policy introduces a variable component from 2020 financial year, providing for a different structure of remuneration depending on whether it refers to Executive Directors, non-executive or independent Directors, key executives or a member of the Board of Statutory Auditors.

In particular, the remuneration structure is determined as follows:

*Executive Directors*

The remuneration of Executive Directors consists of: (a) a fixed component equal to at least 65% of the total remuneration and, in any case, adequate with respect to the delegated powers and strategic responsibilities assigned; (b) a variable component defined within predetermined limits. The fixed component consists of the annual compensation pursuant to Article 2389, paragraph 3, of the Italian Civil Code and, where there is an employment relationship between an Executive Director and the company, in the gross annual remuneration.

The fixed and variable components shall be differently arranged, also in order to ensure the social sustainability of the company's results and the creation of value for shareholders, in compliance with the principles inspiring the company's philosophy.

Variable remuneration objectives are pre-determined and defined in such a way as to ensure the remuneration of performance based on (i) annual quantitative results of an economic nature achieved by the Group (including mainly, turnover and consolidated EBITDA of the Group); and (ii) qualitative objectives related to social sustainability (i.e. ESG - Environmental, Social, Governance - objectives).

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Variable remuneration must be structured in such a way as to ensure that the portion of variable remuneration arising out of the achievement of objectives set from time to time does not exceed, even in the case of over performance, 35% of the total remuneration.

Variable remuneration must be paid at the end of the financial year to which the quantitative results refer or after verification of the achievement of qualitative objectives linked to social sustainability.

The Remuneration Policy does not currently provide for Executive Directors to receive incentive plans based on financial instruments pursuant to Article 114-bis of the TUF.

The benefits payable to Executive Directors are defined in line with the practices of the reference remuneration markets and consistent with the regulation in force from time to time.

The Remuneration Policy provides that Executive Directors are not entitled to any additional remuneration for directorships in companies controlled by the Issuer.

#### *Non-executive Directors, Independent Directors and Chairman of the Board of Directors*

The remuneration of non-executive and/or independent Directors is determined as a fixed amount and is proportioned to the commitment required, also in relation to participation in Board Committees (in which case the role of Chairman of the Committee shall be valued). The remuneration of these Directors is not linked either to economic results or to specific objectives of the Company.

For the office of Chairman of the Board of Directors, there is a fixed remuneration proportioned to the responsibilities of the office and the commitment required. This remuneration is in addition to the additional remuneration due to the Chairman of the Board of Directors for other duties assigned to him.

#### *Key executives*

The Remuneration Policy provides that the remuneration paid is structured to attract and retain highly qualified executives.

Remuneration is mainly structured in a fixed component that is consistent with the remuneration which the Company considers to be in line with the reference market; it must adequately remunerate the commitment and activity performed on an ongoing basis by managers.

In addition, it may be provided a variable component, normally not exceeding 50% of the fixed remuneration, linked to the achievement of predetermined objectives with reference to the performance of the Group or of the subsidiary relevant from time to time. The variable component for eligible persons must be aimed at achieving annual quantitative

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results of an economic nature (including EBITDA and turnover), as well as qualitative objectives of strategic importance (with particular regard to those related to social sustainability).

The variable component shall be paid at the end of the reference period to which the quantitative results refer or after assessment of the achievement of qualitative objectives.

The review of remuneration depends on the level of responsibility and expertise of key executives.

The Remuneration Policy does not currently provide that key executives are beneficiaries of incentive plans based on financial instruments pursuant to Article 114-bis of the TUF.

The benefits due to key executives are defined in line with the practices of the reference remuneration markets and consistent with the regulations in force from time to time.

The Remuneration Policy provides that key executives shall not be entitled to additional compensation for position as director in companies controlled by the Issuer.

***g) Policy followed with regard to non-monetary benefits.***

The Issuer's Remuneration Policy allows the payment of non-monetary benefits to executive directors and key executives in line with practice and provided that they are consistent with their role. Non-monetary benefits include healthcare coverage and the use of a car.

***h) Description of the performance objectives on the basis of which the variable components are allocated.***

Please refer to point (f) above.

***i) Criteria used to assess the performance objectives underlying the award of shares, options, other financial instruments or other variable components of remuneration.***

As mentioned above, there are currently no plans to grant shares, options or other financial instruments.

As far as the variable component is concerned, the criteria to be used to assess the quantitative and qualitative objectives are made up of parameters that reflect the creation of value for the shareholders in the medium-long term and the social sustainability of the company's results, in compliance with the principles inspiring the corporate philosophy.

In particular, with regard to the payment of variable remuneration to Managing Directors, please refer to Section II of this Report.

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***j) Information aimed at highlighting the contribution of remuneration policy to corporate strategy, the pursuit of long-term interests and the sustainability of the company.***

The Board of Directors of the Issuer believes that the Remuneration Policy is consistent with the pursuit of value creation and commercial and financial objectives in the medium to long term.

In particular, the Board believes that a moderate use of variable remuneration instruments is more compatible with the principle of healthy and prudent management of the Issuer. Although it is true that variable remuneration consists of an annual incentive, this shall have a limited weight on the overall remuneration and in any case its full payment also depends on the achievement of objectives of social sustainability of the company's results (see Section II).

***k) Vesting periods and possible deferred payment systems.***

There are no vesting periods or deferred payment systems. In addition, there are currently no mechanisms for ex-post correction of the variable component (*malus*) or restitution of variable remuneration (claw-back).

***l) Information on any clause requiring the holding of financial instruments after their acquisition.***

There are no retention clauses for financial instruments.

***m) Policy on treatment in the event of termination of office or employment.***

No policy has been adopted concerning the treatment of Directors and key executives in the event of termination of employment or if they no longer hold their position.

***n) Information on any non-compulsory insurance, social security or pension coverage.***

With reference to non-compulsory welfare coverage, Moreno Ciarapica (key executive) and Luca Lisandrini (CEO) joined the "Previndai" fund. This fund provides for a monthly payment of a sum of money designed to increase the severance pay (the Italian *trattamento di fine rapporto*). The Issuer pays 50% of this amount (included in the calculation of non-monetary benefits in Table 1).

The Issuer has taken out an insurance policy for the civil liability of Directors, including independent directors, and auditors, as well as other corporate bodies of the Issuer and its subsidiaries.

***o) Any remuneration policy followed with reference to independent directors, membership of committees and performance of particular duties.***

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The remuneration policy adopted by the Issuer with regard to the independent Directors, their membership in Committees and the performance of specific duties are described above at item f) of this Report, to which reference should be made.

*p) Other companies that may be used as a reference for the definition of the remuneration policy.*

For the purposes of the Issuer's Remuneration Policy, the remuneration policies of other companies operating in the same industry of the Issuer have been examined. Yet, the Issuer's Remuneration Policy is peculiar and different from other remuneration policies examined, due to the absence of medium-long term incentive plans as well as share-based remuneration plans.

*q) Elements of the remuneration policy which may be waived.*

At the date of this Report, no elements of the remuneration policy that could be waived were identified.

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## **SECTION II: Fees paid**

This section is divided into two different parts and shows on a name basis the remuneration of the members of the management body and control body.

### *Part one*

Description of the items making up the remuneration of the members of the management and control bodies.

- The Chairman of the Board of Directors received a fixed remuneration as resolved by the Board of Directors.
- The Managing Directors received a fixed and a variable remuneration as decided by the Board of Directors (see below).
- The independent directors received a fixed remuneration as resolved by the Shareholders' Meeting, in addition to reimbursement of expenses incurred for the performance of their duties.
- Non-executive and non-independent directors who are also executives of the Issuer received a fixed annual remuneration as employee of the Issuer.
- Directors also received a Board of Directors' attendance fee.
- Chairmen and other members of the Remuneration and Appointments Committee and the Control and Risks Committee, received a fixed amount as remuneration as resolved by the Board of Directors.

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- The Statutory Auditors received a fixed remuneration as resolved by the Shareholders' Meeting, in addition to reimbursement of expenses incurred for the performance of their duties.

For the financial year ending on December 31<sup>st</sup>, 2020, the Managing Directors Luca Lisandrone and Riccardo Stefanelli received a fixed and a variable remuneration.

For more detailed information, please refer to Notes 2 and 3 below Table 1 in Part Two of this Section II of the Report.

The variable component of the remuneration paid to the Managing Directors for the period referring to the Financial Year was determined on the basis of the parameters detailed below, with a percentage weight of 50% each:

- a quantitative parameter, represented by the achievement of a Group turnover target for the Financial Year; in particular, in the light of the situation caused by the Covid-19 epidemic, the Board, on a Committee's proposal, has deemed appropriate to indicate as the only target to be achieved the Group turnover, as revised by the Board itself in the meeting held on July 14<sup>th</sup>, 2020;
- a qualitative parameter, consisting in the achievement of objectives relating to environmental, social and governance sustainability (so-called Environmental, Social & Governance indicators or ESG), related to the "Harmony with Creation" action plan.

It should also be noted that, for the purposes of the proposal of variable compensation to be awarded to Managing Directors in case of achievement of the above mentioned objectives, the vote expressed by shareholders with respect to the Remuneration Policy has been taken into account. Such resolution, which envisaged the use of variable components of remuneration, was adopted by the Shareholders' Meeting held on May 21<sup>st</sup>, 2020 at the time of approval of the first section of the Report by the Shareholders' Meeting (with a binding resolution).

The Committee, in its meeting held on March 10<sup>th</sup>, 2021, and the Board, in its meeting held on March 11<sup>th</sup>, 2021, assessed that both objectives set out for the Financial Year have been achieved. On the one hand, the Group's consolidated financial statements, which show a consolidated turnover figure in line with the objective assigned by the Board in its resolution dated July 14<sup>th</sup>, 2020, were approved and, on the other hand, the implementation of the ESG-related activities, on which the award of variable remuneration was based, was verified.

In this regard, ESG-related activities included the following: LCA (*life cycle assessment*) of the company, i.e. the creation of an inventory of greenhouse gas emissions generated in the performance of its activities; the appointment of a committee (composed of directors and employees of the Issuer) with functions and responsibilities related to economic, environmental and social sustainability issues; the development of a sustainability plan and policy; stakeholder engagement activities; the definition of a policy on equity and inclusion; training activities concerning those topics

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covered by the Consolidated Non-Financial Statement (CNFS). For further information on the ESG activities carried out in 2020, please refer to the 2020 CNFS, available on the Issuer's institutional website.

The variable remuneration for the Year paid to the two Managing Directors is equal to approximately 27% of their total remuneration, in compliance with the limit set out in the Remuneration Policy (see Section I, letter f) above).

It should also be noted that no variable remuneration was paid, or recognised, for the Year to key executives other than Managing Directors.

The Issuer has no incentive plans based on financial instruments.

As of the date of this Report, the Issuer has not adopted *ad hoc* provisions regulating the indemnity of Directors and executives with strategic responsibilities in the event of early termination of employment.

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The tables below show the information required by paragraph 1.5 of the first part of section II of Schedule No. 7-bis of Annex 3A of the Issuers' Regulations.

**Table 1 - Annual change in total remuneration of Directors and Statutory Auditors**

(EUR K)

FIRST AND LAST NAME	POSITION	TOTAL REMUNERATION 2020	TOTAL REMUNERATION 2019	2020 vs 2019
Brunello Cucinelli	Chairman of the Board of Directors	804	802,4	+0,2%
Luca Lisandrone	Managing Director	1.100,7	707,6	+55,6%
Riccardo Stefanelli	Managing Director	1.092,8	694,5	+57,4%
Camilla Cucinelli	Non-executive Director	273,4	242,7	+12,6%
Carolina Cucinelli	Non-executive Director	91,8	50,8	+80,7%
Giovanna Manfredi	Non-executive Director	352,8	344,8	+2,3%
Andrea Pontremoli	Independent Director	45	45,3	-0,7%

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Paolo Prandi	Chairman of the Board of Auditors	61,5	59,5	+3,4%
Alessandra Stabilini	Statutory Auditor	47,4	45,5	+4,2%
Gerardo Longobardi	Statutory Auditor	47,4	45,5	+4,2%

**Notes:**

The table shows remunerations of those Directors and those Statutory Auditors who held office for a full term in the financial years 2019 and 2020 have been taken into account.

**Table 2 - Annual change in performance**

(EUR)

Data extracted from the profit and loss account of the consolidated financial statements as at December 31 <sup>st</sup> , 2020	2020	2019	2020 vs 2019
Net revenue	544.013	607.761	-10,5%
Normalised EBITDA	41.759 <sup>(1)</sup>	106.058 <sup>(2)</sup>	-60,6%
Normalised result for the year	2.661 <sup>(1)</sup>	49.306 <sup>(2)</sup>	-94,6%

**Notes:**

<sup>(1)</sup> The normalisation of the data as of December 31<sup>st</sup>, 2020 refers to the sterilisation of the accounting effects relative to the application of the IFRS 16 standard and the extraordinary provision of €31,727 thousand relative to the item Inventories (for further details see Note 8 of the Notes to the Financial Statements and the Report on Operations contained in the 2020 Consolidated Financial Statements).

<sup>(2)</sup> The normalisation of the data as of December 31<sup>st</sup>, 2019 refers to the sterilisation of the accounting effects relating to the application of IFRS 16 and the tax benefit deriving from the so-called "Patent Box".

**Table no. 3 - Average remuneration of employees**

(EUR)

2020	2019	2020 vs 2019
45.346,92	45.051,33	+0,7%

**Notes:**

The data shown in the table refer to the average gross annual remuneration of the Group's employees. For the purposes of the calculation, those persons whose remuneration is shown in Table no. 1 of this Section II of the Report (i.e. Directors who are also employees of the Issuer) have been excluded.

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***Part two***

The following tables show the remuneration paid by the Issuer during the 2020 financial year to the members of the administration and control bodies.

Details of investments in the Issuer's share capital held by members of the management and control bodies and key executives are also provided.

It should also be noted that, during the year:

- no exceptional circumstances made it necessary to waive the remuneration policy approved by the Shareholders' Meeting with a binding resolution on May 21<sup>st</sup>, 2020;
- no *ex-post* correction mechanisms of the variable component (*malus* or claw-back of variable compensation) were applied.

**Table 1 - Remuneration paid to members of management and control bodies and to key executives.**

*(in thousands of euros)*

(A)	(B)	(C)	(D)	1	2	3		4	5	6	7	8
First and last name	Position	Period for which the position was held	Expiry date of the position	Fixed remuneration	Remuneration for membership of committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Total severance indemnity
						Bonus and other incentives	Profit-sharing					
Brunello Cucinelli (1)	Chairman of the Board of Directors and Chief Executive Officer (from 01/01/2020 to 21/05/2020)  Executive Chairman Board of Directors (from 21/05/2020 to 31/12/2020)	01/01–31/12/2020 (with the positions indicated under the respective heading)	Shareholders' Meeting approving the financial statements as at 31/12/2022									
(I) Remuneration in the company preparing the financial statements				804	-	-	-	-	-	804	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				804	-	-	-	-	-	804	-	-

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Luca Lisandroni (2)	Director (from 01/01/2020 to 21/05/2020)  Managing Director - CEO (from 21/05/2020 to 31/12/2020)	01/01 – 31/12/2020 (with the positions indicated under the respective heading)	Shareholders' Meeting approving the financial statements as at 31/12/2022									
(I) Remuneration in the company preparing the financial statements				789,5	-	300	-	11,2	-	1.100,7	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				789,5	-	300	-	11,2	-	1.100,7	-	-
Riccardo Stefanelli (3)	Director (from 01/01/2020 to 21/05/2020)  Managing Director - CEO (from 21/05/2020 to 31/12/2020)	01/01 – 31/12/2020	Shareholders' Meeting approving the financial statements as at 31/12/2022									
(I) Remuneration in the company preparing the financial statements				792,8	-	300	-	-	-	1.092,8	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				792,8	-	300	-	-	-	1.092,8	-	-
Moreno Ciarapica (4)	Director	01/01 – 21/05/2020	Shareholders' Meeting that approved the financial statements as at 31/12/2019									
(I) Remuneration in the company preparing the financial statements				341,6	-	-	-	7,2	-	348,8	-	-

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(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				341,6	-	-	-	7,2	-	348,8	-
Camilla Cucinelli (5)	Director	01/01 – 31/12/2020	Shareholders' Meeting approving the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statements				273,4	-	-	-	-	-	273,4	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				273,4	-	-	-	-	-	273,4	-
Giovanna Manfredi (6)	Director	01/01 – 31/12/2020	Shareholders' Meeting approving the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statements				352,8	-	-	-	-	-	352,8	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				352,8	-	-	-	-	-	352,8	-
Carolina Cucinelli (7)	Director	01/01 – 31/12/2020	Shareholders' Meeting approving the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statements				91,8	-	-	-	-	-	91,8	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				91,8	-	-	-	-	-	91,8	-

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Andrea Pontremoli (8)	Director	01/01 – 31/12/2020	Shareholders' Meeting approving the financial statements as at 31/12/2022									
(I) Remuneration in the company preparing the financial statements				32,1	12,9	-	-	-	-	45	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				32,1	12,9	-	-	-	-	45	-	-
Matteo Marzotto (9)	Director	01/01 – 21/05/2020	Shareholders' Meeting that approved the financial statements as at 31/12/2019									
(I) Remuneration in the company preparing the financial statements				10,6	3,9	-	-	-	-	14,5	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				10,6	3,9	-	-	-	-	14,5	-	-
Candice Koo (10)	Director	01/01 – 21/05/2020	Shareholders' Meeting that approved the financial statements as at 31/12/2019									
(I) Remuneration in the company preparing the financial statements				11,4	1,0	-	-	-	-	12,4	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				11,4	1,0	-	-	-	-	12,4	-	-
Massimo Bergami (11)	Director	01/01 – 21/05/2020	Shareholders' Meeting that approved the financial statements as at 31/12/2019									

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(I) Remuneration in the company preparing the financial statements				11,4	2,0	-	-	-	-	13,4	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				11,4	2,0	-	-	-	-	13,4	-	-
Annachiara Svelto (12)	Director	21/05 – 31/12/2020	Shareholders' Meeting that approved the financial statements to 31/12/2022									
(I) Remuneration in the company preparing the financial statements				20,7	21,3	-	-	-	-	42	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				20,7	21,3	-	-	-	-	42	-	-
Emanuela Bonadiman (13)	Director	21/05 - 31/12/2020	Shareholders' Meeting approving the financial statements as at 31/12/2022									
(I) Remuneration in the company preparing the financial statements				20,7	6,1	-	-	-	-	26,8	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				20,7	6,1	-	-	-	-	26,8	-	-
Maria Cecilia La Manna (14)	Director	21/05 - 31/12/2020	Shareholders' Meeting approving the financial statements as at 31/12/2022									
(I) Remuneration in the company preparing the financial statements				20,7	6,1	-	-	-	-	26,8	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				20,7	6,1	-	-	-	-	26,8	-	-

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Ramin Arani (15)	Director	21/05 - 31/12/2020	Shareholder s Meeting approving the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statements				20,7	-	-	-	-	-	20,7	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				20,7	-	-	-	-	-	20,7	-
Stefano Domenicali (16)	Director	21/05 - 31/12/2020	Shareholder s' Meeting approving the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statements				20,7	6,1	-	-	-	-	26,8	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				20,7	6,1	-	-	-	-	26,8	-
Paolo Prandi (17)	Chairman of the Board of Auditors	01/01 – 31/12/2020	Shareholder s' Meeting approving the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statements				61,5	-	-	-	-	-	61,5	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				61,5	-	-	-	-	-	61,5	-
Gerardo Longobardi (18)	Standing auditor	01/01 – 31/12/2020	Shareholder s' Meeting approving the financial statements as at 31/12/2022								

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(I) Remuneration in the company preparing the financial statements				47,4	-	-	-	-	-	47,4	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				47,4	-	-	-	-	-	47,4	-	-
Alessandra Stabilini (19)	Standing auditor	01/01 – 31/12/2020	Shareholder s' Meeting approving the financial statements as at 31/12/2022									
(I) Remuneration in the company preparing the financial statements				47,4	-	-	-	-	-	47,4	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				47,4	-	-	-	-	-	47,4	-	-

**Notes:**

(1) The remuneration of Cav. Lav. Brunello Cucinelli, as resolved by the Board of Directors on July 14<sup>th</sup>, 2020, includes Euro 30,000 as a member of the Board of Directors and Euro 4,000 for attendance at Board meetings (10 attendance fees of Euro 400 each).

(2) The remuneration of Luca Lisandrone, with reference to the fixed component, includes his remuneration as a manager of the Issuer and the remuneration as Chief Executive Officer; it also includes the amounts of Euro 30,000 as member of the Board of Directors and Euro 4,000 for attendance at Board meetings (10 attendance fees of Euro 400 each). With reference to the variable component, the remuneration due to Luca Lisandrone amounts to EUR 300,000 and will be paid in the first half of 2021 financial year following the verification of the achievement of the quantitative and qualitative (ESG) objectives referred to in the first part of Section II of this Report. Finally, Euro 11,158.85 was paid to Luca Lisandrone as non-monetary benefits referred to in Section I, letters g) and n), of this Report.

(3) The remuneration of Riccardo Stefanelli, with reference to the fixed component, includes his remuneration as a manager of the Issuer and the remuneration as Chief Executive Officer; it also includes Euro 30,000 as member of the Board of Directors and Euro 4,000 for attendance at Board meetings (10 attendance fees of Euro 400 each). With reference to the variable component, the remuneration due to Riccardo Stefanelli amounts to Euro 300,000 and will be paid in the first half of 2021 financial year following the verification of the achievement of the quantitative and qualitative (ESG) objectives referred to in the first part of Section II of this Report.

(4) The remuneration of Moreno Ciarapica (director of the Issuer until 21/5/2020 and key executive) consists in Euro 340,033.62 as fixed remuneration as a manager of the Issuer (the figure shown in the table refers to remuneration for the entire 2020 financial year) and Euro 1,600 for attendance at Board meetings (4 attendance fees of Euro 400 each), in

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addition to Euro 7,200 as non-monetary benefits referred to in Section I, letter n) of this Report. Moreno Ciarapica waived any specific remuneration as Director with reference to the period in which he held this office (1/01/2020 - 21/05/2020).

(5) The remuneration of Camilla Cucinelli consists in Euro 269,812.56 as fixed remuneration as a manager of the Issuer and Euro 3,600 for attendance at Board meetings (9 attendance fees of Euro 400 each). Director Cucinelli waived any specific remuneration as Director.

(6) The remuneration of Giovanna Manfredi consists in Euro 349,157.30 as fixed remuneration as manager of the Issuer and Euro 3,600 for attendance at Board meetings (9 attendance fees of € 400 each). Director Manfredi waived any specific remuneration as Director.

(7) The remuneration of Carolina Cucinelli consists in Euro 88,238.64 as fixed remuneration as an manager of the Issuer and Euro 3,600 for attendance at Board meetings (9 attendance fees of Euro 400 each). Director Cucinelli waived any specific remuneration as Director.

(8) The remuneration of Andrea Pontremoli consists in Euro 30,000 as Director and Euro 10,000 as member of the Control and Risks Committee. Attendance fees for Board meetings amount to Euro 4,000 (10 attendance fees of Euro 400 each).

(9) The remuneration of Matteo Marzotto consisted in Euro 25,000 as Director, Euro 5,000 as Chairman of the Remuneration Committee and Euro 5,000 as member of the Control and Risks Committee. Attendance fees for Board meetings amounted to Euro 800 (2 attendance fees of Euro 400 each).

(10) The remuneration of Candice Koo consisted in Euro 25,000 as Director and Euro 2,500 as member of the Remuneration Committee. Attendance fees for Board meetings amounted to Euro 1,600 (4 attendance fees of Euro 400 each).

(11) The remuneration of Massimo Bergami consisted in Euro 25,000 as Director and Euro 5,000 as member of the Control and Risks Committee. Attendance fees for Board meetings amounted to Euro 1,600 (4 attendance fees of Euro 400 each).

(12) The remuneration of Annachiara Svelto consists in Euro 30,000 as Director, Euro 20,000 as Chairman of the Control and Risks Committee and Euro 15,000 as Chairman of the Remuneration and Appointments Committee. Attendance fees amounted to Euro 2,000 (5 attendance fees of Euro 400 each).

(13) The remuneration of Emanuela Bonadiman consists in Euro 30,000 as Director and Euro 10,000 as member of the Remuneration and Appointments Committee. Attendance fees for Board meetings amount to Euro 2,000 (5 attendance fees of Euro 400 each).

(14) The remuneration of Maria Cecilia La Manna consists in Euro 30,000 as Director and Euro 10,000 as member of the Control and Risks Committee. Attendance fees for Board meetings amount to Euro 2,000 (5 attendance fees of Euro 400 each).

(15) The remuneration of Ramin Arani consists in Euro 30,000 as Director. Attendance fees for Board meetings amount to Euro 2,000 (5 attendance fees of Euro 400 each).

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(16) The remuneration of Stefano Domenicali consists in Euro 30,000 as a Director and Euro 10,000 as a member of the Remuneration and Appointments Committee. Attendance fees for Board meetings amount to Euro 2,000 (5 attendance fees of Euro 400 each).

(17) The remuneration of Paolo Prandi as Chairman of the Board of Statutory Auditors, as resolved by the Shareholders' Meeting held on May 21<sup>st</sup>, 2020, is equal to Euro 62,000 on an annual basis.

(18) The remuneration of Gerardo Longobardi as Standing Auditor, as resolved by the Shareholders' Meeting held on May 21<sup>st</sup>, 2020, is equal to Euro 48,000 on an annual basis.

(19) The remuneration of Alessandra Stabilini remuneration as Standing Auditor, as resolved by the Shareholders' Meeting held on May 21<sup>st</sup>, 2020, is equal to Euro 48,000 on an annual basis.

**Table 2: Shareholdings of members of management and control bodies and key executives.**

<b>FIRST AND LAST NAME</b>	<b>CHARGE</b>	<b>COMPANY IN WHICH SHAREHOLDING IS HELD</b>	<b>SHARES OWNED AT THE END OF THE PREVIOUS YEAR</b>	<b>NUMBER OF SHARES PURCHASED</b>	<b>NUMBER OF SHARES SOLD</b>	<b>SHARES OWNED AT THE END OF THE CURRENT YEAR</b>
Giovanna Manfredi	Director	Brunello Cucinelli S.p.A.	1.156.100	0	0	1.156.100
Moreno Ciarapica	Key executives	Brunello Cucinelli S.p.A.	23.800	0	0	23.800

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